

Australian Adam Smith Club (Melbourne)

President: Michael Warby, Editor: Regina Bron, P.O. Box 950, Hawthorn, 3122

For let a man (as most men do) rate themselves at the highest value they can; yet their true value is no more than it is esteemed by others.

Thomas Hobbes. Leviathan, I (1651)

Graeme Haycroft

on

A Clash of Paradigms In The Workplace

**The Adam Smith Club will host a dinner meeting on Tuesday the 15th of November 2005,
at Gropius, 330 Bridge Road, Richmond.**

Workplace regulation is the great area of unfinished business in the economic reforms of the last 20 years. The Howard Government's latest workplace reform proposals have provoked a furious response from the trade union movement. Yet some long-time advocates of workplace reform have been 'underwhelmed' by the suggested changes. Graeme Haycroft has been involved in the front line of workplace change for many years, having been central in the shearing disputes in SE Queensland in the 1990s and recently in public clashes with the Employment Advocate. From his deep experience of workplace reform, Graeme will talk on the proposals and their implications. Graeme Haycroft is founder of the Small Business Union and a specialist workplace productivity consultant who owns and runs his own labour hire agency; the Labour Hire Australia Group (LHAG), employing three to four thousand people each year and turning over \$30 million. He became known Australia wide for his controversial but successful introduction of union free subcontract shearing at Charleville in 1992 and later in 1995 the establishment with John Reddy of union free high-rise building developments on the Sunshine Coast.

Attendance is open to both members and non-members. Those desiring to attend should complete the attached slip and return it to the Club no later than Monday the 14th of November 2005. Tickets will not be sent. Those attending should arrive at 6:30pm for dinner at 7:00pm. The cost is \$35.00 per head for members and \$40.00 per head for non-members (see next page for explanation of arrangements).

**Enquiries to Ms Regina Bron, tel. 9859 8277 (AH) or mob. 0412 006 786 (BH)
or email asmith@economic-justice.org**

— detach and return —

The Secretary,
Australian Adam Smith Club (Melbourne),
PO Box 950, Hawthorn, Victoria 3122.

Please reserve place(s) at \$35.00 dollars per member andplace(s) at \$40.00 per non-member for the November 15th meeting of the Australian Adam Smith Club. I enclose the amount of \$..... in payment for the same.

NAME (please print):

ADDRESS:

SIGNATURE: TEL:

LAISSEZ FAIRE ON THE WEB

This newsletter has an address on the web: <http://www.economic-justice.org/asmith.htm>. The Institute for Economic Justice has been created by David Sharp a former president (and current committee member) and Timothy Warner the current Treasurer of the Club. As stated on the web site, 'The Institute has been founded to assist those who have been subject to economic injustice, and to increase both public and professional awareness of remedies available under the Law.'

MEETING REPORT SEPTEMBER 2005

The Club's September meeting at the Curry Club was a lively evening with plenty of interjections and a lively dialogue on the importance and nature of privacy. Julian Burnside QC gave a most interesting talk on the subject of the ID Card from a technical and legal perspective, and was given a thorough

questioning from a privacy as personal property perspective.

The food was of the high standard we expect of the Curry Club, and thanks to Mannie and Gina for organising the evening whilst Tim took a sabbatical from admin duties. *TW*

S.O.S - SAVE OUR SELVES DEBATE REVISITED

The Bracks Government, known for a great record of setting up consultations and committees in profusion, has set a new standard with which Sir Humphrey would be proud.

Two years ago the Coroner enquired into a number of accidents and incidents at sea in which lives were lost. The coroner gave a lengthy report in which he called for tougher mandatory rules for boats and especially for tougher lifejacket regulations i.e. the enforced wearing of said.

The Bracks Government speedily set up a panel to transform this important measure into law. Two years later after two reports and two periods of consultation, after each of which the boating industry was told that certainty and sensible regulations would unfold, the new regulations have been released (maybe - see end!).

The new regulations call for all

boats excepting jet skis to have explosive flares, that crews of all boats less than 4.8m have to wear life jackets at all times, and ALL boats in times of 'heightened risk' must have their crew wear lifejackets.

So 8 year olds are to have life threatening explosives under their control in dinghies, foam pontoons are suddenly susceptible to sinking, and under the Governments definition of 'heightened risk' an afternoon sail in a sixty foot yacht with less than all sails set is a time of peril on the sea (any shortening of sail is defined as a period of high risk).

The crowning idiocy was that the Government - using the very handy taxpayer dollars- was going to offer a bounty on the purchase of any new lifejacket.

But as sailing boats are not registered with the state (shock, horror) they guesstimated the numbers by asking Roy Morgan

to ring a few houses and then extrapolate. Morgans reckon there are 4,000 sailing vessels of all types in Victoria. Attention Mr Bracks - there are 350 sailing boats sailing out of Sandringham. This program would have cost millions more than budgeted.

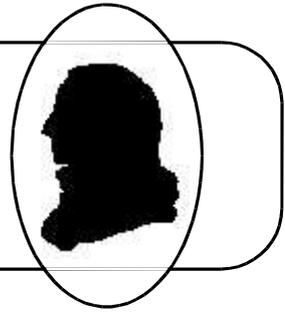
The interesting new news is that after two reports, two consultation periods and an absolutely final set of regulations and directives the Minister, Mr Batchelor is starting to see the horror his department has created with the new regime set for mid-summer start. The first to go was the non-standard life jackets, then the 'heightened risk' definitions, further improvements (as in allowing personal judgement as to safety gear to allow for 8 year olds) will follow. The date for all these changes may also now be malleable. We can all be thankful for the firm hand on the tiller of state that the Mr Batchelor has had with these proposals. *TW*

VENUE ARRANGEMENTS

For Gropius, drink is not included in the price. Gropius is fully licensed. The price of the House Wine is \$5.00 per glass or \$20 per bottle. You may bring your own wine (corkage of \$7.00 per bottle will be charged). The venue has been reserved for the dinner meeting. We hope these arrangements do not cause inconvenience and we welcome your feedback.

Laissez Faire

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THE MARKET CLEARS - EVEN IF CUSTOMS DOESN'T

The recent hold up on Australia's wharves and airport terminals of massive amounts of freight suggests that the command and control of HM Customs may have reached a definite use by date.

Surely, if you asked industry to create a system that suited them, and which met the security and revenue benchmarks of the Federal Government, then faster, better, continually evolving and competing systems would arise.

The biggest failing here was the Customs had waited for twenty years since the last major upgrade because they were in their comfort zone. Now they implement a massive upgrade with poor forward planning and a major dislocation occurs.

The market will try to clear the goods in the most effective fashion. If the State must intervene by way of rules and taxes, let them state the rules and taxes and then validate the most effective private measures. No revenue lost, no power lost but the command and control element stifles the freedom and creativity of the entrepreneur and corporation to get the best result for the producer, the shipper and the consumer. *TW*

SHIP MONEY

One of the most famous of English trials was the "Ship Money Case" of 1637. Since Feudal times English monarchs had exercised the right to compel the coastal towns and counties to provide ships in times of war or alternatively to make a monetary payment in lieu thereof. Despite the constitutional principle having been long established that only Parliament could exact taxes, Ship Money [and other feudal prerogatives] were still considered, at the commencement of the Stuart era, as legitimate exercises of Royal power.

In 1628, Charles 1, reasoning that all England was protected by the fleet, sought to levy Ship Money upon the whole country, inland as well as coastal. Uproar ensued and the king, in the face of much opposition, withdrew the writs. The following year Charles dissolved Parliament and commenced to rule without it. In 1634 however the dire need of funds caused Charles again to resort to a Ship Money levy. Contrary to precedent however this was in a time of peace, although Charles made much of the need for protection from pirates and the general unrest in Europe. Charles also sought to pre-empt objection by obtaining an approving opinion of legality from his judges.

In the following year Charles made a further Ship Money levy again in peacetime but directed, on this occasion, not only to the coastal towns and counties but also to inland areas as well. Again Charles sought and obtained from ten of twelve judges an opinion that in times of national danger, [of which position the king was the sole judge] such levy was legal.

In 1636 the king issued a third levy, again to both inland and coastal areas and again in a time of peace. Again Charles pressed and obtained from the judges a favourable opinion. It became clear that the king intended to use his expanded form of Ship Money as a new tax, which tax had not been specifically passed by Parliament. There was uproar and considerable opposition.

Amongst others, John Hampden of Buckinghamshire, a long established and wealthy landowner, having been assessed to pay 20 shillings, refused to comply on principle. He was duly brought to trial before the 12 judges of the Exchequer.

The trial commenced on 6 November 1637 and lasted for three and a half weeks. Hampden was ably represented by Oliver St John, who addressed the court for 3 days. Thereafter the judges deliberated for 5 months, before delivering their verdict in April 1638. The trial provoked national attention.

In the result the Judges found 7 to 5 in favour of the King. Hampden was fined and the Ship Money levies continued until declared illegal by Parliament in 1641. Although theoretically a victory for the king the narrowness of the verdict and the continuing and protracted controversy was a political disaster.

As a result of the trial Hampden, it was claimed, became the most famous man in England. As Edmund Burke subsequently wrote "Would 20 shillings have ruined Mr Hampden's fortune? No, but the payment of half 20 shillings, on the principle it was demanded, would have made him a slave." That principle of course was the separation of powers, whereby the constitutional right to levy and specify taxes was reserved to Parliament and to Parliament alone.

How much attitudes and circumstances have changed in constitutional thinking since the time of Ship Money and the alleged usurping of the power of Parliament to impose taxes can perhaps be demonstrated by the new laws which in Victoria now allow the Treasurer to make such changes to government fees fines and charges as he sees fit, including if so desired making a profit. King Charles would have been green with envy. One can only wonder what John Hampden would have thought. *DBS*

DIGGING HOLES IN THE BAY

Andrew Warner is a naval architect. He is also knowledgeable and, if asked, informative so that conversations with him tend to be interesting. The other night over coffee proved no exception. On my request, he expounded his views on the Port Phillip Bay Channel Deepening Project. To say the least, such views were decidedly negative.

Presently the Victorian Government is pushing a proposal to deepen the shipping channels in Port Phillip Bay to accommodate the ever-growing size of container ships. Containerisation and the giant container ship have revolutionised world trade and made it economically possible to move goods back and forth between countries several times before they are completed. This has led to a greater division of labour and increased economic efficiency.

For a variety of reasons Melbourne presently is the nation's largest container port, handling 40% of the trade. On current projections, Melbourne will not be able to accommodate the larger sized vessels likely in the next few years. Already, it is claimed, ships are leaving Melbourne only partly loaded because of inadequately deep enough channels.

Many who oppose the Project do so for environmental reasons. The economic reasons for opposing it however are at least as compelling. The cost of the Project will be great.

Typically it is likely to be much more than originally costed. Moreover it is unlikely in any event that the new larger vessels will ever come to Australia. But this is due to economic factors, not physical.

Typically the major factor in whether a container ship travels fully loaded or not is stability rather than weight. Another is for convenience purposes in loading or unloading. The latter is largely a function of the particular circumstances of the port or ports being served. Given the shortcomings, in this regard, of the Port Phillip shore site, (which, in so far as it was possible, would require significant expenditure even partly to overcome), ships would continue, regardless, to leave Melbourne only partly loaded.

Recent expensive deepening at Geelong has not resulted in ships now loading completely there, rather than, (as a number continue to do), partly in Geelong and then completing loading at Portland. There are other reasons than channel depth for loading at both ports. Attempts to force the shipowners to pay extra for the costs involved in the work at Geelong have been unsuccessful and the increased fees are a deterrent to ships using the port at all.

"Build it and they will come" is an unlikely event, particularly if, as it will, the cost of deepening Port Phillip will need to be factored into the costs of using the port. It is likely that the economics of the

super ships will be such that they will exclude them visiting Australia. Rather Australia is likely to be serviced from a few hub ports, such as Singapore, by smaller ships. The chances of an Australian port becoming a hub, given Australia's geographical position, are remote.

In so far as there is a case for building an expanded container port in Victoria, that for Westernport (probably at Stony Point) is overwhelming. Little or no deepening would be required. Although considerable infrastructure costs would be needed they would be a minor expense compared to the Port Phillip alternative. Unlike the Melbourne site, Westernport provides ample room for depot and shore facility expansion. It is also far more convenient to the eastern industrial suburbs around Dandenong. After all, Westernport is a part of Victoria. Given the degree of urban sprawl one could be forgiven for describing it as part of Melbourne.

In light of the above, who then is likely to favour the Port Phillip project? As always *cui bono* is a good place to start. The bureaucracy involved would be likely to experience a huge growth in funds and importance. Also the existing duopoly of Patricks and P & O would benefit. Their present shore facilities and supporting infrastructure would need a significant boost. Conversely opening up Westernport would also open up the possibility of new competitors. *DBS*